



June 27, 2014

To: Executive Board

Subject: **Management Compensation Plan Adjustments**

Recommendation

Approve modifications to the management compensation plan.

Analysis

As the first full fiscal year of operations with directly hired staff comes to a close, several changes to the management compensation plan are recommended. These changes are noted below:

Title and Pay Grade Adjustments

The following titles and/or pay grades are recommended to be changed:

- Director of Customer Relations will be changed to Director of Customer Relations and Human Resources. The Director holding this position has significant human resources experience and has taken on the added responsibility of leading our human resources program. This position would remain at pay grade 8.
- The Administrative Assistant position will be reclassified as Board Support Services Coordinator. During the transition to in-house management some of the responsibilities handled by the Human Resources Manager/Executive Assistant were transitioned to the Administrative Assistant. These duties include support services to the Deputy Executive Director, serving as the back-up to the Board Support Services Manager and coordination of the Weekly Report. The re-classification of the position would better align the position's job duties to the job title. The pay grade for this position would move from grade 3 to grade 4.
- The position of Staff Accountant would be reclassified to Senior Accountant. Originally, the position of Staff Accountant was created to perform basic accounting functions, such as, preparing account receivables (AR) for collection and performing the monthly AR month-end closing; posting debit and credit card activities; capital project accounting; analysis of billing for special services; and, analyzing contractor's costs. All of these activities were intended to be performed under close supervision. Today, the Staff Accountant performs more complex activities such as, preparing and analyzing the payroll for all Foothill Transit employees and the Executive Board members; reviewing every invoice received by Foothill Transit, ensuring routing to all appropriate approvers, checking available budget and purchasing authority, and analyzing appropriateness of purchase; issuing all accounts payables paid by Foothill



Transit; ensuring that all insurance payments are up-to-date; tracking asset inventory; and notifying the Executive Director of possible deviations from approved FT policy or procedure. All of these tasks are completed independently and with minimal supervision, supporting the recommended changes. The pay grade for this position would move from grade 5 to grade 6.

- The position of Records Specialist is proposed to be changed to Procurement Coordinator. Given the heavy procurement workload that Foothill Transit has underway and the increasing complexity of federal procurement requirements, the individual holding the records specialist position has been working as a procurement coordinator and has taken lead responsibility for various smaller procurements. Given that this workload is not expected to diminish, the position of records specialist is recommended to be transitioned to Procurement Coordinator. The pay grade for this transitioned position would transition from grade 4 to grade 6.
- Marketing and Communications Coordinator is proposed to be changed to Marketing and Communications Strategist. This position has significantly evolved since its inception and incorporates a significant amount of data analysis and strategy. The amount of marketing data now available to us through digital ads and our website requires smart and concise analysis in order to make effective decisions about targeting audiences. This position now also formulates complicated integrated marketing and communications campaigns for everything from crisis communications to long term marketing campaigns. The pay grade for this position would move from grade 5 to grade 6.
- New Media and Customer Relations Coordinator is proposed to be retitled Digital Media and Customer Relations Coordinator. “New Media” is an outdated term as the media in question is no longer new. Digital Media is the more widely accepted and used title across industries. This position would remain at pay grade 6.
- The position of Quality Assurance Analyst is proposed to be changed to Service Quality Coordinator. In addition to performing ongoing analysis of Foothill Transit’s key performance indicators, this position is now responsible for a variety of service quality issues, including coordination of the various functional areas of the organization in advancing Foothill Transit’s mission as well as coordination of the development and monitoring the fuel budget and mileage-based service budget, computer and manual data collection, business intelligence reporting, collecting industry trends, and developing best practice procedures. The pay grade for this position would move from grade 5 to grade 6.



Key Performance Indicators Impact on Annual Compensation Adjustments

At the April meeting of the Executive Board, a methodology for compensation adjustments was adopted. A factor in determining compensation adjustments is the achievement of key performance indicators. The adopted program indicates that annual compensation adjustments will include a one percent increase if at least seven of nine Key Performance Indicator (KPI) goals are met. If Foothill Transit meets six of nine KPIs then all employees will receive a one-half percent increase. If fewer than six KPIs are met for the year then employees will receive no compensation adjustment in this category.

For fiscal year 2013-2014 only, it is recommended that this plan be adjusted to provide a one percent increase if Foothill Transit achieves at least six of nine key performance indicators. As this program was adopted late in the fiscal year and the employees were not made aware of this component during the year, the lower threshold would be appropriate. It appears that Foothill Transit will achieve six of nine key performance indicators for fiscal year 2013-2014 and will come extremely close to achieving seven.

Contribution to Employee Medical Coverage

Foothill Transit's management compensation provides that Foothill Transit shall pay 100% of the lowest cost California Choice HMO 15 health plan (\$15 dollar office co-pay) provided for the employee and either a spouse/domestic partner or children. Full family coverage shall be made available. The employee shall be responsible for the additional cost of family coverage.

Due to changes caused by the Affordable Care ACT (ACA), California Choice has now transitioned to a new tiered structure for health plans. For some plans the levels of coverage and the corresponding costs have changed dramatically. For some employees, the lowest cost plan in the "platinum" tier (which is equivalent to the California Choice HMO 15 plan provided during fiscal year 2013-2014) would result in a new plan choice at a lower premium. In effect, the changes could cause the agency contributions to the employee's health coverage to decrease by as much as one third. This would come with a corresponding reduction in benefits to the employee. This is an unintended consequence created by combining our existing policy with the changes resulting from the ACA. Please also note that for some employees, their physicians have changed their participation in certain medical plans, again largely due to the ACA. Some employees are being faced with either changing doctors or changing their medical plan.

In light of this situation, it is recommended that employees hired before June 30, 2014 receive up to the same dollar contribution toward their medical care cost during fiscal year 2014-2015 as they received in 2013-2014. This would result in no increase in Foothill Transit's medical care expenses for the upcoming fiscal year.



For employees hired on or after July 1, 2014, Foothill Transit shall pay 100% of the lowest cost California Choice “platinum” tier health plan provided for the employee and either a spouse/domestic partner or children. Full family coverage shall be made available. The employee shall be responsible for the additional cost of family coverage.

Please note that we do expect that there will be further changes in medical care programs during fiscal year 2015-2016 related to the continuing implementation of the ACA. It is likely that Foothill Transit will have to further adjust its medical benefit program once these changes are known.

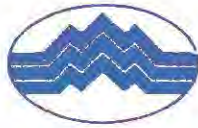
Budget Impact

Sufficient funding has been budgeted for the recommended modifications.

Sincerely,

Matt Mumford
Director of Customer Relations

Doran J. Barnes
Executive Director



Foothill Transit

Going Good Places

Foothill Transit Employee Compensation Program

Adopted ~~April 25, 2015~~ June 27, 2014

Foothill Transit's employee compensation plan is described below. The Foothill Transit Board reserves the right to modify or change this plan at its sole discretion at any time. The Executive Director is charged with administering this program.

Please note that while Foothill Transit has been in existence for 25 years, it is just beginning as an employer. This program has been crafted with great care. Employee should fully understand that changes to this program are highly likely and should be fully expected as Foothill Transit gains experience as an employer. Further, the Affordable Health Care Act is expected to require changes to health plan coverages. Again, employees should expect changes in the future.

Pay Grades

Foothill Transit shall utilize the following pay grades and ranges. Employees may be hired at any point within these pay ranges at the discretion of the Executive Director and subject to overall budget limitations:

	Bi Weekly Min	Bi Weekly Max	Annual Minimum	Annual Maximum	Position Type
Foothill Transit Grade 8	\$2,885	\$5,692	\$80,000	\$148,000	Department Director
Foothill Transit Grade 7	\$2,308	\$4,231	\$60,000	\$110,000	Department Manager
Foothill Transit Grade 6	\$1,885	\$3,115	\$49,000	\$81,000	Technical Staff
Foothill Transit Grade 5	\$1,654	\$2,500	\$43,000	\$65,000	Technical Support
Foothill Transit Grade 4	\$1,385	\$2,115	\$36,000	\$55,000	Administrative Support
Foothill Transit Grade 3	\$1,154	\$1,769	\$30,000	\$46,000	Clerical Support

Compensation for the Executive Director shall be set at the sole discretion of the Board. Compensation for the Deputy Executive Director shall not be less than 65 percent of the compensation of the Executive Director and not more than 80 percent of the compensation of the Executive Director



Positions by Pay Grade

Foothill Transit positions are assigned to the following pay grades:

	Department	Pay Grade
Administrative Assistant	Administration	Grade 3
Receptionist	Administration	Grade 3
Marketing Assistant	Marketing	Grade 3
Facilities Administrative Assistant	Facilities	Grade 3
Operations and Customer Services Assistant	Operations	Grade 3
Accounting Clerk	Finance	Grade 4
Records Specialist	Procurement	Grade 4
Board Support Services Coordinator	Administration	Grade 4
Staff Accountant	Finance	Grade 5
Fare Technology Specialist	Finance	Grade 5
Maintenance Quality Assurance Inspector	Maintenance	Grade 5
Marketing and Communications Coordinator	Marketing	Grade 5
Quality Assurance Inspector	Operations	Grade 5
Service Quality Assurance Analyst Coordinator	Operations	Grade 6
Human Resources Manager	Administration	Grade 6
Facilities Manager	Facilities	Grade 6
Procurement Coordinator	Procurement	Grade 6
Grant Specialist	Finance	Grade 6
Project Accountant	Finance	Grade 6
Senior Accountant (2 positions)	Finance	Grade 6
New Digital Media and Customer Relations Coordinator	Marketing	Grade 6
Marketing and Communications Strategist	Marketing	Grade 6
Maintenance and Vehicle Technology Manager	Maintenance	Grade 6
Help Desk Administrator	I.T.	Grade 6
IT Application Specialist	I.T.	Grade 6
Safety Compliance Coordinator	Operations	Grade 6
Transit Planner	Planning	Grade 6
Board Support Manager/Executive Assistant	Administration	Grade 7
Government Relations Manager	Administration	Grade 7
Construction Project Manager	Facilities	Grade 7
Finance Manager	Finance	Grade 7
Manager of Community Engagement	Marketing	Grade 7
Network Manager	I.T.	Grade 7
Procurement Manager	Procurement	Grade 7
Operations Contract Manager	Operations	Grade 7
Transit Planning Manager	Planning	Grade 7
Director of Procurement	Procurement	Grade 8
Director of Government Relations	Administration	Grade 8
Director of Facilities	Facilities	Grade 8
Director of Customer Relations and Human Resources	Administration	Grade 8
Director of Maintenance and Vehicle Technology	Maintenance	Grade 8
Director of Marketing and Communications	Marketing	Grade 8



Director of Information Technology	I.T.	Grade 8
Director of Planning	Planning	Grade 8
Director of Finance	Finance	Grade 8
Director of Customer Service and Operations	Operations	Grade 8

Internship Program

As part of Foothill Transit's commitment to workforce development, Foothill Transit has created an internship program. The internships allow students to gain valuable skills and knowledge. In addition, the interns support Foothill Transit in achieving its mission. Interns work an average of 20 hours per week and would be paid \$15.00 per hour.

Vacation Time

Foothill Transit shall provide vacation time to all full-time employees at the following rates per

0-5 years of Service	3.08 hours per pay period, which equates to 80 hours per year or two weeks per year
5-10 years of Service	4.61 hours per pay period, which equates to 120 hours per year or three weeks per year
10-15 years of service	6.15 hours per pay period, which equates to 160 hours per year or four weeks per year
15+ years of service	7.69 hours per pay period, which equates to 200 hours per year or five weeks per year

Years of service shall include time worked as a Foothill Transit employee and time worked for a Foothill Transit operating and/or management contract for the period in which the employee was assigned full-time to serving Foothill Transit. Service does not need to be consecutive.

Maximum accrual is two times the annual vacation amount or 280 hours, whichever is less.

In December of each year, employees may cash out up to one half of their vacation balance or 80 hours, whichever is less. To be eligible for the cash out option, the employee must have taken at least 40 hours of vacation time in the prior twelve months.

Employees hired during calendar year 2013 may take up to 40 hours of vacation time in advance of earning vacation time. This accommodation will only be provided during calendar year 2013.



Holidays

Foothill Transit shall observe the following holidays:

- Martin Luther King Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving
- Day after Thanksgiving

In addition, Foothill Transit will observe a holiday period beginning on December 24th of each year and ending on January 1st. During this time, the administrative offices will be closed. The specific days for this holiday period will be established at the beginning of each fiscal year. The specific number of days and total hours of holiday time will vary from year to year. It is anticipated a flex day will fall within this period for most employees, most years and will be accounted for as part of the total time away from work during this period.

Foothill Transit will grant paid holiday time off to all eligible employees immediately upon assignment to full-time status. Holiday pay will be calculated based on the employee's straight-time pay rate (as of the date of the holiday) times the number of hours the employee would otherwise have worked on that day. Part-time employees are not eligible for holiday pay.

Sick Leave

3.69 hours per pay period, which equates to 12 days per year.

Work Hours and Schedules

Management and administrative employees will work a 9/80 flex schedule with every other Monday off. Work hours will be as follows:

Tuesday through Friday	7:30 a.m. to 5:30 p.m.	Lunch: 12:00 p.m. to 1:00 p.m.
First Monday:	Office closed	
Second Monday	7:30 a.m. to 4:30 p.m.	Lunch: 12:00 p.m. to 1:00 p.m.

Certain positions in the Customer Service and Operations team may be assigned alternate schedules due to operational hours of the administrative office.



Health Benefits

Employees hired before June 30, 2014 shall receive up to the same dollar contribution toward their medical care cost during fiscal year 2014-2015 as they received in 2013-2014.

For employees hired on or after July 1, 2014, Foothill Transit shall pay 100% of the lowest cost California Choice "platinum" tier health plan provided for the employee and either a spouse/domestic partner or children. Full family coverage shall be made available. The employee shall be responsible for the additional cost of family coverage.

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Foothill Transit shall pay 100% of the cost of dental, vision and chiropractic care for the employee and either a spouse/domestic partner or children. Full family coverage shall be made available. The employee shall be responsible for the additional cost of family coverage.

In order to encourage good health, the cost of flu shots for employees and their dependents covered by the Foothill Transit group medical health plans are eligible to receive reimbursement annually for the administration of the flu shot.

Life Insurance

Foothill Transit shall provide life insurance at one times annual salary. Per United States Internal Revenue requirements, the premium for insurance in excess of \$50,000 per year is considered taxable income. Employees will be responsive for this tax liability. A payroll deduction will be made each pay period related to this tax liability.

Retirement Benefits

From the date of hire until June 30, 2014, Foothill Transit shall contribute an amount equal to nine percent of the employee's gross earnings to a defined contribution retirement account.

Beginning July 1, 2014, Foothill Transit shall contribute an amount equal to seven percent of the employee's bi-weekly compensation to a defined contribution retirement plan. In addition, Foothill Transit will match 100 percent of employee contributions up to two percent of bi weekly compensation to this retirement plan.



Tuition Reimbursement

Employees shall be eligible for tuition reimbursement for classes related to professional positions at Foothill Transit. A grade of "C" or better must be achieved to obtain reimbursement. The maximum annual reimbursement shall be \$5,250.

Transit Bus Passes for Employees and Dependents

Foothill Transit bus passes shall be provided to employees for their professional and personal use. Foothill Transit bus passes also shall be provided to all employees and their dependents.

Employees commuting via other transit providers at least eight times per month shall be provided transit passes for these other transit providers.

Length of Service Recognition

Employees shall receive a one-time length of service payment as follows:

5 years of service	\$500
10 years of service	\$750
15 years of service	\$1,000
Each subsequent five years of service	\$1,000

Length of service shall include time worked as a Foothill Transit employee and time worked for a Foothill Transit operating and/or management contract for the period in which the employee was assigned full-time to serving Foothill Transit.

Amounts noted are gross pay and shall be treated as ordinary income, which is subject to appropriate taxes.

Compensation Adjustments

Under the adopted management compensation plan, annual evaluations will take place in June of each year with any compensation adjustments effective July 1 of that year. Compensation adjustments consisting of raises or promotions will then be applied, including any deferred compensation, to employees by the first full payroll in July. The salary ranges will be adjusted annually in May according to the annual Consumer Price Index (CPI) for Los Angeles County.

- **Key Performance Indicators** – Foothill Transit's key performance indicators are an indication of the quality of service provided. In order to ensure that all staff members are keenly focused on these key performance indicators, a component of their annual compensation adjust will be directly tied to the achievement of set



target for these indicators as follows. Annual compensation adjustments will include a one percent increase if at least seven of nine Key Performance Indicator (KPI) goals are met. If Foothill Transit meets six of nine KPIs then all employees will receive a one-half percent increase. If fewer than six KPIs are met for the year then employees will receive no compensation adjustment in this category.

For fiscal year 2013-2014 only, the plan to be adjusted to provide a one percent increase if Foothill Transit achieves at least six of nine key performance indicators. As this program was adopted late in the fiscal year and the employees were not made aware of this component during the year, the lower threshold would be appropriate. It appears that Foothill Transit will achieve six of nine key performance indicators for fiscal year 2013-2014 and will come extremely close to achieving seven.

- **Individual Performance Goals** – Achievement of individual performance goals are under the direct control of employees and superior performance should be recognized. In this category, an increase of up to two percent of salary will be granted based on the achievement of individual annual goals. These performance goals are determined between the employee and their supervisor prior to the beginning of the fiscal year and approved by the Executive Director every June.
- **Developmental Program** – It is anticipated that some employees will be hired at the lower end of their pay range. As they perform their jobs and enhance their skill set, they will become more valuable to the organization and their compensation should reflect this added value. Accordingly, developmental compensation increases will be granted as follows: An employee in the lowest quarter of the salary range will receive a three percent increase; an employee in the second lowest quarter of the salary range will receive a two percent increase; an employee in the second highest quarter of the salary range will receive a one percent increase; and an employee in the highest quarter of the salary range will receive no increase. To qualify for a developmental increase an employee must receive a satisfactory rating overall (3 or better out of 5) on their annual evaluation.
- **Educational Advancement** – Foothill Transit places great emphasis on the achievement of advanced education. This commitment is reflected in the education reimbursement program. Employees who earn advanced degrees bring additional skills to the organization. In recognition of these additional skills, a one-time increase in base compensation of five percent shall be granted upon achievement of a bachelor's degree, master's degree or doctoral degree in a field of study that is relevant to the mission of Foothill Transit.



Employees for whom these compensation adjustments would result in them exceeding the maximum of their particular salary range will not receive an adjustment to their base salary. Those employees will instead be eligible for a one-time stipend in an amount equivalent to the annual compensation adjustment that would have been awarded had they not been at the top of their particular salary range.